

Message Text

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PAGE 01 TEL AV 03894 121330Z

46

ACTION NEA-16

INFO OCT-01 ISO-00 NEAE-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 TAR-02 PRS-01

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FM AMEMASSY TEL AVIV

TO SECSTATE WASHDC PRIORITY 3112

INFO AMEMBASSY CAIRO PRIORITY

C O N F I D E N T I A L TEL AVIV 3894

CAIRO FOR SECRETARY SIMON'S PARTY

E.O. 11652: GDS

TAGS: OVIP (SIMON, WILLIAM E), IS

SUBJ: SECRETARY SIMON'S VISIT--MEETING WITH COMMERCE

MINISTER BAR-LEV

REF: TEL AVIV 3841

1. MINISTRY OF COMMERCE AND INDUSTRY OFFICIALS HAVE INFORMED US THAT MINISTER BAR-LEV WISHES TO COVER WITH SECRETARY SIMON THOSE ELEMENTS OF ECONOMIC COLLABORATION OF PRIMARY CONCERN TO HIS MINISTRY. THESE ARE TRADE, RAW MATERIALS, ENERGY, INVESTMENT, AND RESEARCH AND DEVELOPMENT. SINCE LAST THREE SUBJECTS WILL ALSO BE COVERED IN EARLIER MEETING AT MINISTRY OF FINANCE, THEY WILL BE TREATED LIGHTLY AT COMMERCE MINISTRY.

2. BAR-LEV WILL URGE THAT MAJOR EFFORT BE MADE TO EXPAND TRADE BETWEEN TWO COUNTRIES. ALTHOUGH US PERCENTAGE SHARE OF ISRAEL MARKET HAS FALLEN TO BELOW TWENTY PERCENT,
CONFIDENTIAL

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PAGE 02 TEL AV 03894 121330Z

BAR-LEV WILL NOT THAT US SHARE OF WORLD MARKET

HAS ALSO FALLEN STEADILY SINCE POST WAR YEARS. MOREOVER, HE WILL ARGUE, OVER LAST FIVE YEARS US EXPORTS TO ISRAEL HAVE RISEN FASTER THAN OUR EXPORTS TO REST OF WORLD, WHILE ISRAEL'S TRADE DEFICIT WITH US HAS SHARPLY INCREASED.

3. BAR-LEV MAY SUGGEST THAT DURING FORTHCOMING MULTI-LATERAL TRADE NEGOTIATIONS US AND ISRAEL ATTEMPT TO WORK OUT SHARP TARIFF REDUCTIONS (OR ELIMINATION) WITH RESPECT TO PRODUCTS FOR WHICH ISRAEL AND US HAVE DOMINANT SUPPLIER POSITIONS, EG, ISRAELI DIAMOND EXPORTS TO US AND US EXPORTS OF COMPUTERS AND ELECTRONIC EQUIPMENT TO ISRAEL.

4. BAR-LEV MAY ALSO INDICATE ISRAELI INTEREST IN GENERALIZED AND SPECIAL PREFERENCES, NOTING THAT PRESENT DRAFT TRADE BILL WOULD APPARENTLY MAKE ISRAEL INELIGIBLE FOR GSP BECAUSE OF REVERSE TARIFF PREFERENCES AFFORDED COMMON MARKET. HE IS UNLIKELY TO SUGGEST THAT ISRAEL MAY BE WILLING TO ELIMINATE REVERSE PREFERENCES BUT MAY SUGGEST TARIFF REDUCTIONS BY ISRAEL OR OTHER MEANS OF OBTAINING GSP TREATMENT BY US.

5. WITH REGARD TO RAW MATERIALS, BAR-LEV CAN BE EXPECTED TO EXPRESS INTEREST IN OBTAINING US ASSURANCES THAT CERTAIN ITEMS IN US STOCKPILE WILL BE MADE AVAILABLE TO ISRAEL IN CASE OF NEED. HE WILL ALSO STATE ISRAEL'S INTEREST IN EXPANDED US INVESTMENT AND COLLABORATION IN FIELD OF RESEARCH AND DEVELOPMENT.

6. COMMENT: WHILE MINISTER BAR-LEV HAS OFFICIALS ON HIS STAFF COMPETENT IN TRADE MATTERS, HE HIMSELF HAS HAD LITTLE EXPERIENCE IN THIS FIELD. WE, THEREFORE, DO NOT EXPECT HIM TO GO BEYOND GENERAL OUTLINE OF ISRAELI THINKING AS INDICATED ABOVE. IN ANY EVENT, HE IS AWARE THAT ONE OF US/ ISRAEL SUB-COMMITTEES TO BE SET UP WIL DEAL WITH TRADE. FOR HIS PART, SECRETARY SIMON MAY WISH TO EXPRESS US CONCERN OVER OUR DECLINING SHARE OF ISRAELI MARKET, WHICH WAS ONLY 18 PERCENT FOR FIRST QUARTER 1974. ONE REASON FOR THIS DECLINE IS TARIFF REDUCTIONS ACCORDED TO COMMON MARKET COUNTRIES, ALTHOUGH THERE ARE OTHER REASONS INCLUDING LACK OF INTEREST IN THIS MARKET BY US EXPORTERS AND

CONFIDENTIAL

PAGE 03 TEL AV 03894 121330Z

GROWING TENDENCY ON THE PART OF US FIRMS TO SUPPLY THIS MARKET FROM THEIR SUBSIDIARY PLANTS IN EUROPE.
VELIOTES

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